

## NORPHLET CHEMICAL REPORT

Week of July 6, 2008

By Evert Talbot

Most of the activity for Norphlet this week was centered on Ronnie's trip to Tennessee to spend more time with Stephan Owen of Fluoromer. Unfortunately this is what we have to do with this group to make sure they stay right on top of the job daily and do so with considerable accuracy. It is also unfortunate that Stephan is not capable of traveling. After talking to Ronnie almost daily, I am sure he too is physically exhausted with this very tedious and final stage of Phase I. (see his report attached)

During this past week, there were more announcements that the Global Warming Bill was further doomed by the current administration since it really does not solve any of the problems the country faces economically. That does not mean that it want come up again next year with a similar play to further phase out more refrigerants on a gradual basis. In summary it looks like the "brakes are on" for the balance of this year.

Judd Hammond was contacted this week to begin work on patenting the current and latest Fluoromer process for Norphlet. This is per the instructions of the Executive committee last week.

The oil patch activity north of Norphlet continues to escalate with more inquiries coming in weekly for purchases of hydrochloric acid. For Jones-Hamilton, most of this oil patch business is being serviced by SKYLINE Chemical. We continue to look for an economical outlet the HF/sodium fluoride solution which will not be required for the new plant process. The quantity is about 4000 gallons.

The Phase II contract for Fluoromer is currently being drafted by Evert and Ronnie and will be reviewed by Bob James, Brian Brooks and David Henry prior to submitting to the Norphlet Board on July 17<sup>th</sup>. Likubo's e-mail with suggested fees for the interim stage, the engineering and construction stage and related catalyst commissions was absolutely ridiculous and well beyond our affordable means. This will be a very tough negotiation with him. I am sure he will try to hold us hostage over the catalyst sourcing but we want let that happen.

Brian Brooks, David Henry and Evert met with TULSTAR in the Dallas Airport last Thursday. Present for Tulstar was their owner and President Mark Nagle and the CFO Elaine. Apparently they were very upset with Norphlet's verbal response that the contract was really not in effect since we were not in production. The question was raised about their \$270,000.00 in raw material cost that was still not converted to 134a. They are requesting reimbursement for this cost at a gradual pace during the coming months. We were presented with a "demand letter" from their law firm but were told that the spirit of the friendly meeting in Dallas would prevail. Evert will give a full report on the sequence of events and possible solutions to this problem at the Executive meeting on Wednesday night.

9791997

